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 DOUGLAS SHAW and KIRK LARSON

UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 SAN FRANCISCO DIVISION

THE REGENTS OF THE UNIVERSITY OF
 CALIFORNIA,

Plaintiff,

v.

CALIFORNIA BERRY CULTIVARS, LLC,
 DOUGLAS SHAW, AND KIRK LARSON,

Defendants.

CALIFORNIA BERRY CULTIVARS, LLC,

Cross-Complainant,

v.

THE REGENTS OF THE UNIVERSITY OF
 CALIFORNIA,

Cross-Defendant.

Case No. 3:16-cv-02477-VC

**DEFENDANTS' NOTICE OF
 MOTION AND RENEWED MOTION
 FOR JUDGMENT AS A MATTER OF
 LAW OR, IN THE ALTERNATIVE,
 FOR A NEW TRIAL; MOTION TO
 ALTER JUDGMENT**

Date: July 6, 2017
Time: 10:00 a.m.
Judge: Hon. Vince Chhabria
Courtroom: 4

NOTICE OF MOTION AND MOTION

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on July 6, 2017 at 10:00 a.m. before the Honorable Vince Chhabria, United States District Court, San Francisco, California, Defendants California Berry Cultivars, LLC, Douglas Shaw, and Kirk Larson will, and hereby do, move the Court for an Order under Rule 50(b) of the Federal Rules of Civil Procedure for judgment as a matter of law or, in the alternative, for an Order under Rule 59(a) for a new trial. Additionally, Defendants California Berry Cultivars, LLC, Douglas Shaw, and Kirk Larson will, and hereby do, move the Court for an Order under Rule 59(e) altering the judgment relating to The Regents of the University of California's patent infringement claims. This motion is based on the accompanying Memorandum of Points and Authorities, Declaration of Nathaniel P. Garrett and exhibit attached thereto, the complete files and records in this action, oral argument of counsel, and such other and further matters as the Court may consider.

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1 **I. INTRODUCTION**

2 Defendants California Berry Cultivars, LLC (“CBC”), Dr. Douglas Shaw, and Dr. Kirk
 3 Larson move under Federal Rule of Civil Procedure 50 for judgment as a matter of law or, in the
 4 alternative, a new trial on: (1) all claims against Dr. Kirk Larson; (2) the claim of the University
 5 of California (“University”) for CBC’s interference with the Shaw and Larson Patent
 6 Agreements; and (3) the University’s claims for willful patent infringement.¹ Defendants also
 7 move under Federal Rule of Procedure 59 to alter the judgment relating to the University’s patent
 8 infringement claims.

9 The Court should grant judgment as a matter of law or, in the alternative, a new trial on all
 10 of the University’s claims against Dr. Larson. The University attempted to prove its case against
 11 Dr. Larson on the basis of various e-mails that Dr. Larson wrote or received while employed by
 12 the University. These communications show nothing more than that Dr. Larson was involved, at
 13 the margins, in establishing CBC. However, the exhibits do not come close to showing that Dr.
 14 Larson *knowingly* or *intentionally* interfered with the University’s interests, as required. Because
 15 this evidence of *mens rea* is lacking, Dr. Larson is entitled to judgment in his favor.

16 In addition, all defendants are entitled to judgment as a matter of law, or a new trial, on
 17 the University’s claims for interference with contract, patent infringement, and willful patent
 18 infringement. There is neither evidence that the University was harmed by CBC’s purported
 19 interference, nor any evidence that CBC was the procuring cause of the contract breach. And
 20 there is no evidence that Defendants “imported” patented plant parts or violated a contractual
 21 restriction on benchmarking, let alone committed any acts Defendants knew, or should have
 22 known, would infringe on the University’s patents.

23 And even if there were sufficient evidence to sustain the University’s patent claims under
 24 the law that existed when the University filed its complaint, the Supreme Court’s intervening

26 ¹ Defendants do not move under Rule 50 on the jury’s verdict against CBC and Dr. Shaw
 27 for conversion, or on the jury’s verdict against Dr. Shaw for breach of the duty of loyalty and
 28 breach of fiduciary duty. However, Defendants do not hereby waive their pre-trial arguments
 regarding those claims, or their arguments opposing summary judgment for breach of contract.

1 decision in *Impression Prod., Inc. v. Lexmark Int'l, Inc.*, No. 15-1189, 2017 WL 2322830 (U.S.
 2 May 30, 2017), dooms the University's patent claims. In *Lexmark*, the Supreme Court held that a
 3 patentee who puts his product into the stream of commerce cannot enforce post-sale restrictions
 4 on purchasers, like Defendants, through the patent law. Under *Lexmark*, the University might
 5 have had a claim based in contract, but the jury already concluded that Defendants did not
 6 interfere in any license agreements or test agreements between the University and a third party.
 7 In any event, the University admitted in binding interrogatories that it does not contend that any
 8 license agreement or test agreement has been violated. As a result, the University no longer has a
 9 viable patent infringement claim, and any judgment must be altered in Defendants' favor.

10 **II. LEGAL STANDARDS**

11 "A court should grant a motion for judgment as a matter of law following a jury trial
 12 where 'the evidence, construed in the light most favorable to the nonmoving party, permits only
 13 one reasonable conclusion, and that conclusion is contrary to that of the jury.'" *Finjan, Inc. v.*
 14 *Sophos, Inc.*, --- F. Supp. 3d. ---, 2017 WL 976673, at *18 (N.D. Cal. Mar. 14, 2017) (quoting
 15 *InTouch Techs., Inc. v. VGO Commc'ns, Inc.*, 751 F.3d 1327, 1338 (Fed. Cir. 2014)). "[T]o set
 16 aside the verdict, there must be an absence of substantial evidence—meaning relevant evidence
 17 that a reasonable mind would accept as adequate to support a conclusion—to support the jury's
 18 verdict." *Emblaze Ltd. v. Apple Inc.*, 2015 WL 396010, at *3 (N.D. Cal. Jan. 29, 2015).

19 A trial court "may grant a new trial, even though the verdict is supported by substantial
 20 evidence, if the verdict is contrary to the clear weight of the evidence, or is based upon evidence
 21 which is false, or to prevent, in the sound discretion of the trial court, a miscarriage of justice."
 22 *United States v. 4.0 Acres of Land*, 175 F.3d 1133, 1139 (9th Cir. 1999) (internal quotation marks
 23 omitted); accord *Wordtech Sys., Inc. v. Integrated Networks Sols., Inc.*, 609 F.3d 1308, 1313 (Fed.
 24 Cir. 2010). In considering a motion for a new trial, a court "has the duty to weigh the evidence as
 25 the court saw it, and to set aside the verdict of the jury, even though supported by substantial
 26 evidence, where, in the court's conscientious opinion, the verdict is contrary to the clear weight of
 27 the evidence." *Molski v. M.J. Cable, Inc.*, 481 F.3d 724, 729 (9th Cir. 2007) (internal quotation
 28 marks and alterations omitted).

District courts have the power to “alter or amend” a judgment under Federal Rule of Civil Procedure 59(e). The power to “alter or amend” includes the power to vacate or set aside the judgment. *See Ortiz v. Gaston County Dyeing Machine Co.*, 277 F.3d 594, 597 n.1 (1st Cir. 2002). “Since specific grounds for a motion to amend or alter are not listed in the rule, the district court enjoys considerable discretion in granting or denying the motion.” *McDowell v. Calderon*, 197 F.3d 1253, 1255 n. 1 (9th Cir. 1999) (en banc) (internal quotation marks omitted). Among other reasons, a Rule 59(e) motion may be granted “if the amendment is justified by an intervening change in controlling law.” *Allstate Ins. Co. v. Herron*, 634 F.3d 1101, 1111 (9th Cir. 2011).

III. ARGUMENT

A. Judgment As A Matter Of Law Should Be Granted For Larson.

Judgment as a matter of law—or at least a new trial—should be granted for Dr. Kirk Larson on the University’s claims for conversion (Issue 1), breach of the duty of loyalty (Issue 2), and breach of fiduciary duty (Issue 3). The evidence proffered by the University as to Dr. Larson is not sufficient to sustain a verdict on any of the three claims.

Because Dr. Larson could not attend trial as a result of his mental condition, the University predicated its claims on fifteen exhibits read into the record (Trial Tr. 403:2-405:19).² When those exhibits are carefully examined, however, none amounts to evidence substantial enough to satisfy all the elements of the University’s claims.

1. **Conversion.** In particular, Dr. Larson is entitled to judgment as a matter of law on the University’s conversion claim because there is no evidence he “*intentionally and substantially*” interfered with the University’s property interest in the Core Strawberry Germplasm, other unreleased varieties, or books and records regarding the strawberry breeding program. ECF No. 328 at 19 (emphasis added).

To begin, there is no evidence that Dr. Larson converted University books and records because, for example, he refused to return them to the University. The University’s sole support

² These are trial exhibits 2, 54, 55, 61, 66, 68, 78, 85, 88, 94, 100, 154, 172, 176, and 193.

1 is a letter sent by Jacob Appelsmith to Patrick Nielson, on January 23, 2014, in which Mr.
2 Appelsmith conditioned a proposal on a request for information. *See* Trial Ex. 140; Trial Tr.
3 1086:7-1087:3. But that letter was singularly addressed to Dr. Shaw, and there is no evidence
4 Mr. Nielson represented Dr. Larson in his personal capacity. Indeed, the trial evidence is that Mr.
5 Nielson was Dr. *Shaw*'s lawyer. Trial Tr. 248:1-8 (Delany); *id.* at 622:22-623:2 (Shaw). Thus,
6 there is no predicate for the University's conversion claim on books and records.

7 With respect to unreleased varieties, the University admitted two emails from Dr. Larson
8 in April 2012, in which Dr. Larson inquired about the variety of plants held by Eurosemillas in
9 Spain and reports on the health of UC plants growing in Spain. Trial Exs. 54, 55. These emails,
10 however, were almost one year before anyone traveled to Spain to talk to Eurosemillas about
11 conducting crosses on behalf of CBC. Trial Tr. 456:6-21 (Shaw). And it is undisputed that the
12 University's strawberry breeding program worked with Eurosemillas for years before anyone
13 thought of starting a private-public partnership to breed strawberries. *Id.* at 332:8-15 (Carriere);
14 *id.* at 441:12-20, 509:12-25 (Shaw). The two communications thus do not come close to
15 supporting the conclusion that Dr. Larson intended, as early as 2012, to convert UC unreleased
16 varieties; they establish only that Dr. Larson was investigating the health of UC plants in Spain
17 for purposes of the University's strawberry breeding program.

18 Next, the University relies on two emails showing that Dr. Larson identified unreleased
19 varieties for testing in Spain by Eurosemillas and Lassen Canyon in September 2012. Trial Exs.
20 66, 68. Again, however, it is undisputed that Dr. Larson was responsible, for years, for
21 identifying UC varieties to be tested under Test Agreements in Spain. Trial Tr. 332:8-333:3
22 (Carriere). The University's evidence merely shows that Dr. Larson was responsible for
23 identifying certain plants ultimately included in the 2012 Test Agreements. *See* Trial Ex. 69. The
24 University's evidence does not show that Dr. Larson *intended* in 2012 for CBC to later use these
25 unreleased varieties in the United States.

26 That leaves the University to rely on Exhibit 85 – an email from Dr. Shaw to Javier Cano
27 on which Dr. Larson was only carbon copied. In that March 2013 email, Dr. Shaw identified
28 certain unreleased varieties, and told Mr. Cano, “[w]e need a better management of the genetic

1 materials than we now have, I may need tthe [*sic*] selections from this list as parents next year.”
 2 Trial Ex. 85. Dr. Shaw testified that when he sent the email, he was “thinking about where we
 3 would go next pending a license from the University to use unreleased materials.” Trial Tr.
 4 513:5-14 (Shaw). Whatever Dr. Shaw intended, that intent cannot be attributed to Dr. Larson
 5 merely because he was carbon copied on an email. No reasonable juror could find, from that
 6 email, that Dr. Larson intended to convert the University’s property.

7 **2. Breach of Fiduciary Duty & Duty of Loyalty.** Dr. Larson is also entitled to
 8 judgment as a matter of law on the University’s breach of duty claims. There is no evidence—or
 9 at least the clear weight of evidence refutes—that Dr. Larson “*knowingly* acted against UC’s
 10 interests in connection with the[] formation of CBC or [his] CBC-related activities” (as required
 11 to establish breach of the duty of loyalty), or that Dr. Larson failed to act as a “*reasonably* careful
 12 agent” (as required to establish breach of fiduciary duty). ECF No. 328 at 20-21.

13 The University offered a smorgasbord of disparate exhibits, none of which reveal a plan
 14 by Dr. Larson to knowingly interfere with the University’s interests. Thus, the University
 15 proffered exhibits showing that Dr. Larson told Javier Cano *not* to have his staff visit California
 16 in 2013 (Trial Ex. 100), that Dr. Larson told Lassen Canyon he intended to germinate seeds for
 17 CBC in July 2014 (Trial Ex. 154), and that Dr. Larson did not disclose his work with CBC on a
 18 University form (Trial Ex. 61). But the University proffered no evidence that Dr. Larson believed
 19 his relationship with CBC was contrary to the University’s interests.

20 At most, the University has identified emails where Dr. Larson admits to not trusting the
 21 University (Trial Ex. 55), and expresses a desire to keep CBC communications from “end[ing]
 22 up at UC Davis” (Trial Ex. 172). But as this Court already recognized, the theory that Dr. Larson
 23 breached his duties by having private communications with CBC “begs the question.” Trial Tr.
 24 1093:24-25. Without evidence that Dr. Larson knew his work at CBC was interfering with the
 25 University, the mere fact that Dr. Larson sought to keep his University- and CBC-emails separate
 26 does nothing to prove that Dr. Larson knowingly interfered with UC’s interests.

B. Judgment As A Matter Of Law Should Be Granted On The University's Interference Claim.

The Court should also grant judgment as a matter of law—or, at the least, a new trial—on the University's claim against CBC for interference with contract (Issue 4) as there is neither evidence of harm, nor evidence that CBC was the procuring cause of any interference with the Doctors' Patent Agreements.

1. To establish its claim for interference with contract, the University bore the burden of proving it was harmed by CBC's purported interference with the Doctors' patent agreements. *See* ECF No. 328 at 22. There is no evidence, however, that the University suffered any harm as a result of the breach of their Patent Agreements with Drs. Shaw and Larson.

To the contrary, the University's witnesses testified that, notwithstanding the Doctors' refusal to assign their interests in the CSG or to turn over records in their possession (the latter unproven as to Larson), the University had sufficient data to determine whether the varieties in the CSG were or were not eligible for a U.S. Plant Patent. Trial Tr. 656:11-19. The University *claimed* that the Doctors' contract breaches delayed its ability to prioritize the varieties for commercial release, *id.* at 659:22-660:21, but Dr. Knapp *conceded* that the data provided by Dr. Shaw in November 2013 was sufficient to allow him to prioritize varieties within the CSG, *id.* at 815:24-817:16.

2. The University also bore the burden of proving that CBC prevented performance of the Doctors' Patent Agreements or made performance more expensive or difficult, and that CBC's conduct was a substantial factor in causing harm to the University. ECF No. 328 at 22. "It is the settled rule in actions for wrongful interference with contract rights that an essential element of the cause of action is that the conduct charged be the procuring cause of the interference and the harm." *Moore v. Apple Inc.*, 309 F.R.D. 532, 547 (N.D. Cal. 2015) (quoting *Beckner v. Sears, Roebuck & Co.*, 4 Cal.App.3d 504, 507 (1970)); *see also Eltolad Music, Inc. v. April Music, Inc.*, 139 Cal. App. 3d 697, 706 (1983) (holding that trial court erred in "instructing the jury that plaintiff had the obligation to prove that defendant was 'a' moving cause" rather than 'the' moving cause" of the contractual interference). Put otherwise, the University was obligated to

1 prove that in the absence of conduct by CBC, “the contract would have been performed.” 5
 2 Witkin, Summary of Cal. Law (10th ed. 2005) Torts, § 738.

3 At trial, however, Dr. Shaw testified that he refused to assign his rights in the CSG not
 4 because of any conduct by CBC, but on his own volition. Specifically, Dr. Shaw explained that
 5 *he* refused to sign the University’s assignment because, in his own head, “I felt there was no
 6 chance whatsoever to obtain the kind of information that we would need to do plant patents or a
 7 big plant patent on 168, 169 items. And that I would essentially be committing fraud on the
 8 Patent Office.” Trial Tr. 561:6-12. That testimony is entirely consistent with what Dr. Shaw told
 9 the University in writing at the time. Trial Ex. 165 at 2-3. The University offered no evidence to
 10 controvert Dr. Shaw’s own explanation for why he refused to sign the assignment form proffered
 11 by the University.

12 And the University offered no evidence at all as to the reasons why Dr. Larson refused to
 13 sign an assignment form. There is thus no evidence that would permit a reasonable conclusion
 14 that CBC was the procuring cause of any breach of Dr. Larson’s Patent Agreement.

15 **C. Judgment as a Matter of Law Should be Granted on the University’s**
 16 **Importation Theory of Infringement; At the Least, the Judgment Should be**
 17 **Altered Under *Lexmark*.**

18 **1. There is No Evidence Defendants Imported Patented Seeds.**

19 The Plant Patent Act entitles a patentee to exclude others from asexually reproducing a
 20 plant or “importing the plant so reproduced, or any parts thereof, into the United States.” 35
 21 U.S.C. § 163. The jury found that CBC, Dr. Shaw, and Dr. Larson either imported eleven
 22 patented plant parts into the United States or induced Eurosemillas or its affiliates to import
 23 patented plant parts into the United States. But there is insufficient evidence to support either
 24 theory of unlawful importation.

25 **a. First**, there is insufficient evidence that Defendants imported patented plant parts. The
 26 term “import[]” is used in several patent statutes, including § 163 and 35 U.S.C. § 271
 27 (Infringement of patent). Although the term is not defined by statute, courts have recognized that
 28 “import” should be interpreted according to its “plain ordinary meaning of bringing goods into
 the United States from another country.” *Bristol-Myers Co. v. Erbamont Inc.*, 723 F. Supp. 1038,

1 1044 (D. Del. 1989).

2 The trial record establishes that International Semillas and its representatives—not CBC—
 3 brought seeds from Spain into the United States. For example, International Semillas
 4 representative Javier Cano delivered the 2014 seeds by hand. Trial Tr. 412:14-16, 471:15-18.
 5 Half of the 2015 seeds were delivered by courier, arranged by International Semillas. *See* Trial
 6 Ex. 247. The other half were delivered by International Semillas representative David Garcia
 7 Sinova by hand. *Id.* at 412:10-13. The 2016 varieties were delivered by International Semillas to
 8 CBC via courier. *Id.* at 412:8-9. CBC never went to Spain to obtain the seeds for use in the
 9 United States, and there is no evidence CBC ever paid for or contracted with any courier. *Id.* at
 10 963:17-964:8.

11 The only evidence linking CBC to importation was Kyle VandenLangenberg’s testimony
 12 that he organized dates for delivery and the handoff to CBC in the United States in 2015 and
 13 2016. Trial Tr. 977:2-11. But courts interpreting § 271’s analogous “importation” prohibition
 14 have held that “only the actual entity” that imports the allegedly offending goods may be held
 15 liable for infringement. *Cybiotronics, Ltd. v. Golden Source Electronics, Inc.*, 130 F. Supp. 2d
 16 1152, 1172 (C.D. Cal. 2001). Merely organizing the date of delivery is not sufficient to transform
 17 CBC, the recipient of seeds, into their importer. Rather, to determine which party imported an
 18 offending product, courts look to who holds legal title when goods cross border, and which party
 19 controlled the manner and means of importation. *See, e.g., id.; Fellowes v. Michilin Prosperity*
 20 *Co.*, 491 F. Supp. 2d 571, 583 (E.D. Va. 2007); *Largan Precision Co, Ltd v. Genius Elec. Optical*
 21 *Co.*, 86 F. Supp. 3d 1105 (N.D. Cal. 2015).

22 Here, International Semillas retained title to the seeds even after they crossed the United
 23 States border. *See* Trial Ex. 542 § 7; Trial Tr. 488:1-489:7. And International Semillas plainly
 24 controlled the manner or means of importation when it brought the seed by hand, and when it
 25 arranged for a courier to bring the seeds to CBC. It is thus International Semillas—not CBC or
 26 Drs. Shaw and Larson—that the University should have sued for *importing* patented plant parts.

27 **b. *Second***, the University cannot defend the jury’s verdict on the alternate ground that
 28 Defendants induced International Semillas to violate § 163 by importing patented plant parts. To

1 find induced patent infringement, the jury would have been obligated to find that Defendants
2 *knew* “the acts it was causing would infringe the plant patent.” ECF No. 328 at 28.

3 The testimony at trial, however, was undisputed that Defendants believed it was lawful to
4 cross with patented strawberry varieties in Spain and ship the resulting seeds into the United
5 States. Trial Tr. 517:19-520:3 (Shaw); *id.* at 964:15-966:4 (VandenLangenberg); ECF No. 304-1
6 at 22:19-22, 23:07-23:12 (Hansen). Witnesses from both parties agreed that it is permissible to
7 breed with patented plants in Spain under UPOV regulations. Trial Tr. at 680:3-7 (Carriere); *id.*
8 at 964:15-966:4 (VandenLangenberg). And the University’s witness acknowledged there is no
9 restriction on breeding with University-patented varieties in the University’s license agreement
10 with Eurosemillas in Spain. *Id.* at 680:12-681:2 (Carriere); Trial Ex. 37 § 2.8. There is no
11 evidence—or at least the clear weight of evidence refutes—that Defendants knew International
12 Semillas was violating the Plant Patent Act by importing into the United States the sexual
13 progeny of patented plants. Accordingly, the jury’s finding of patent infringement for
14 importation cannot be upheld on the theory of induced infringement.

15 2. The University’s Importation Theory of Liability Does Not Survive 16 Lexmark.

17 The University’s judgment for patent infringement must be amended for a second,
18 independently sufficient reason: the jury’s May 25 verdict does not survive the Supreme Court’s
19 intervening decision in *Impression Prod., Inc. v. Lexmark Int’l, Inc.*, No. 15-1189, 2017 WL
20 2322830 (U.S. May 30, 2017).

21 In *Lexmark*, the Supreme Court addressed whether a patentee that sells or licenses an item
22 under an express post-sale restriction may enforce that restriction through an infringement
23 lawsuit. The Supreme Court held not, reasoning that “a patentee’s decision to sell a product
24 exhausts all of its patent rights in that item, regardless of any restrictions the patentee purports to
25 impose or the location of the sale.” *Id.* at *5. The Court held that post-sale restrictions may be
26 enforceable under contract law, but such restrictions “do not entitle [the patentee] to retain patent
27 rights in an item that it has elected to sell.” *Id.* at *7.

28 Importantly, the Court also ruled that the result is the same where the patentee licenses to

1 another to sell, rather than selling itself; a patentee may not “use licenses to impose post-sale
 2 restrictions on *purchasers* that are enforceable through the patent laws.” *Id.* at *12 (emphasis in
 3 original). Rather, if the licensee complies with the license when selling an item, the sale exhausts
 4 the patentee’s rights in that item. *Id.* Again, if the purchaser does not comply with the post-sale
 5 restriction, “the only recourse for the licensee is through contract law.” *Id.*

6 The Court recognized a limited exception where a licensee knowingly makes sales outside
 7 the scope of the license and the purchaser participates in the licensee’s infringement, *i.e.*, the
 8 purchaser “knew about the breach.” *Id.* In that limited case, the patentee can sue both the licensee
 9 and the purchaser for infringement. *Id.*

10 Here, however, the exception does not apply and *Lexmark* spells the end of UC’s theory of
 11 liability for importation of seeds. At trial, the University proffered evidence—and strenuously
 12 argued—that Defendants obtained patented plant parts from the University’s licensee,
 13 Eurosemillas. *See, e.g.*, Trial Tr. 183:12-14 (Krevans), 471:6-18 (Shaw), 496:16-497:2 (Shaw),
 14 1150:7-10 (Shaw), 1213:16-22 (Krevans). As *Lexmark* held, the patentee (UC) cannot pursue
 15 patent infringement claims against the purchaser (Defendants) in that scenario unless the licensee
 16 (Eurosemillas) provided the material outside the scope of the licensee, and Defendants knowingly
 17 participated in that infringement.

18 In its binding interrogatory responses, however, the University took the position that
 19 Eurosemillas did *not* infringe its Master License Agreement with the University. *See* Decl. of
 20 Nathaniel P. Garrett Ex. A (responding to interrogatory asking UC to identify all breached license
 21 agreements by stating that “it does not currently allege ... that test agreements or license
 22 agreements between the University and third parties were breached”).³ That concession—which
 23 is consistent with the jury’s verdict rejecting the University’s claims for interference with third-
 24 party contracts—follows naturally from the terms of the University’s license with Eurosemillas.

25
 26 ³ Defendants do not contend that this interrogatory response is “newly discovered
 27 evidence” or, on its own, justifies altering the judgment. Rather, Defendants proffer the
 28 interrogatory response because it bears directly on the Supreme Court’s reasoning in *Lexmark* and
 precludes the University from arguing—as the University has indicated it intends to do—that
 Eurosemillas or Lassen Canyon breached their license with the University. *See* ECF No. 341.

1 In its license agreement with Eurosemillas, the University licensed each of the patented
 2 plants at issue here in exchange for a “License Issue Fee” and a future royalty payment. *See* Trial
 3 Ex. 37. Notably, the license agreement with Eurosemillas did *not* prohibit traditional breeding.
 4 Trial Tr. 680:12-681:2 (Carriere). The reason is straightforward: breeding of the University’s
 5 patented strawberry varieties is legal in Spain. *See id.* at 964:22-965:1; ECF No. 339-1 ¶¶ 16-21.

6 The University thus seeks to pursue in this case the type of patent infringement claim
 7 *Lexmark* expressly extinguishes. Despite the fact that the University’s patent rights have been
 8 exhausted through the sale via license by Eurosemillas, the University seeks to hold CBC liable
 9 for post-sale conduct, such as importation of patented plant parts. This, *Lexmarks* holds, the
 10 University may not do.

11 **D. Judgment as a Matter of Law Should be Granted on the University’s**
 12 **Benchmarking Theory of Infringement; At the Least, the Judgment Should**
 13 **be Altered Under *Lexmark*.**

14 **1. The University’s Benchmarking Theory of Liability Does Not Survive**
 15 ***Lexmark*.**

16 The Supreme Court’s decision in *Lexmark* also dooms the University’s benchmarking
 17 theory of patent liability. The University maintained that Defendants committed patent
 18 infringement by benchmarking with plants they purchased from Lassen Canyon. Trial Tr.
 19 719:14-720:22; Trial Ex. 311. Again, however, *Lexmark* holds that “if a licensee complies with
 20 the license when selling an item, the patentee has, in effect, authorized the sale,” and “[t]he sale
 21 exhausts the patentee’s rights in that item.” 2017 WL 2322830, at *12. The University has
 22 conceded that Lassen Canyon never breached its license agreement with the University, and there
 23 is no evidence to the contrary. Garrett Decl. Ex. A. Accordingly, the University cannot impose
 24 any post-sale restriction—such as a supposed restriction on benchmarking—against Defendants
 25 “through the patent laws.” 2017 WL 2322830, at *12. The Court’s judgment should be amended
 26 to enter judgment for Defendants on the University’s benchmarking theory of liability.

27 **2. There is No Evidence the University Clearly Communicated a**
 28 **Restriction on Benchmarking to Defendants.**

Even if the University’s claim was measured against pre-*Lexmark* jurisprudence,
 judgment would have to be entered for Defendants because there is no evidence the University

1 clearly communicated a restriction on benchmarking to its licensees or to Defendants.

2 Before the Supreme Court invalidated patent infringement suits based on post-sale
3 contractual restrictions, the law in the Federal Circuit was that a patentee may preserve its patent
4 rights “through *clearly communicated*, otherwise-lawful restrictions.” *Lexmark Int’l, Inc. v.*
5 *Impression Prod., Inc.*, 816 F.3d 721, 742 (Fed. Cir. 2016) (emphasis added). This formulation
6 reflected the settled rule that the customer must have notice of the post-sale restriction at the time
7 of purchase. *See Arizona Cartridge Remanufacturers Ass’n, Inc. v. Lexmark Int’l, Inc.*, 421 F.3d
8 981, 987 n.6 (9th Cir. 2005). The purchaser, in other words, must “know[] of the restriction at the
9 time of purchase.” *Lexmark*, 816 F.3d at 744.

10 Here, however, Lassen Canyon never clearly communicated the restriction on
11 benchmarking to Defendants, and the University never told Lassen Canyon to do so. Trial Tr. at
12 981:7-20 (VandenLangenberg). Indeed, it is not apparent that Lassen Canyon was even aware
13 that the University intended for it to communicate restrictions on benchmarking to downstream
14 purchasers, as the word benchmarking does not appear in the Lassen Canyon license agreement.
15 *Id.* at 670:17-19, 671:9-11 (Carriere). While the University required Lassen Canyon to warn
16 purchasers that “Use of the University of California strawberry cultivar ‘(name of Licensed
17 Cultivar)’ for fruit production in countries not authorized by the University of California and for
18 propagation to parties not licensed by the University of California or its business partners IS
19 PROHIBITED,” Trial Ex. 36 § 15.2, Defendants never propagated the plants purchased from
20 Lassen Canyon. Trial Tr. 979:10-980:1. And Defendants only “used” the plants for fruit
21 production in the United States, a country authorized by the University. Trial Ex. 36 § 2.2.

22 In short, even if benchmarking *can* constitute “use” under the Plant Patent Act, pre-
23 *Lexmark* law permitted a patentee to sue a purchaser only where restrictions on that use were
24 “clearly communicated.” Having failed to clearly communicate any prohibition on benchmarking
25 to Defendants, the University cannot now be rewarded with a verdict for infringement.

26 **E. Judgment as a Matter of Law Should be Granted on the Issue of Willfulness.**

27 Finally, judgment as a matter of law should be granted on the University’s remaining
28 claim of *willful* patent infringement (as to importation) because there is no evidence Defendants

1 knew, or should have known, their actions constituted infringement of a valid patent.

2 In *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S.Ct. 1923 (2016), the Supreme
 3 Court held that willfulness turns on the *subjective* intent of the defendant, *i.e.*, whether the
 4 defendant acted despite a risk of infringement that was either known or so obvious that it should
 5 have been known to the infringer. *Id.* at 1930. Thus, willfulness required the University to prove
 6 by a preponderance of the evidence that Defendants knew, or it was so obvious Defendants
 7 should have known, that their actions constituted infringement of a valid and enforceable patent.
 8 See *WesternGeco L.L.C. v. ION Geophysical Corp.*, 837 F.3d 1358, 1364-65 (Fed. Cir. 2016);
 9 *Barry v. Medtronic, Inc.*, 2017 WL 1197854, at *12 (E.D. Tex. Jan. 25, 2017).

10 There is no evidence Defendants knew that importing seeds—created through lawful
 11 sexual reproduction in Spain—could constitute infringement under United States patent law. To
 12 the contrary, Defendants’ witnesses uniformly testified that they bred in Spain precisely because
 13 they believed doing so immunized their conduct. See, e.g., Trial Tr. 517:19-520:3 (Shaw); *id.* at
 14 964:15-966:4 (VandenLangenberg).

15 Nor can the University credibly argue that it was obvious Defendants’ conduct amounted
 16 to patent infringement. It is undisputed that the act of breeding in Spain is lawful, and there is
 17 ample authority that supports Defendants’ reading of the Plant Patent Act to exclude seeds
 18 generated through sexual reproduction. See *Imazio Nursery, Inc. v. Dania Greenhouses*, 69 F.3d
 19 1560, 1569-70 (Fed. Cir. 1995); Chengfei Ding, *The Protection for New Plant Varieties of*
 20 *American Businesses in China After China Enters the WTO*, 6 DRAKE J. AGRIC. L. 333, 343
 21 (2001) (stating view that the PPA does not cover “the seeds that are produced sexually” from
 22 asexually reproduced plants). Even if the Court did not adopt Defendants’ interpretation of the
 23 Plant Patent Act, the issue—which has never before been litigated—was not so obvious as to
 24 render Defendants’ conduct willful.

25 **IV. CONCLUSION**

26 For these reasons, the Court should grant Defendants’ motion for judgment as a matter of
 27 law or, in the alternative, motion for new trial, and should grant Defendants’ motion to alter the
 28 judgment.

1 Dated: June 9, 2017

Respectfully submitted,

2 Jones Day

3 By: /s/ Nathaniel P. Garrett

4 Nathaniel P. Garrett

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6 Defendant CALIFORNIA BERRY
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